

CONTRACT #3
RFS # 317.86-026

**Department of Finance
& Administration**

Insurance Administration

VENDOR:
**Delta Dental Plan of
Tennessee**



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION
312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

Richard Chapman
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Richard Chapman 

Date: August 9, 2007

RE: Amendment for Delta Dental of Tennessee

Please find attached a Non-Competitive Amendment request to add language to the existing contract with Delta Dental of Tennessee signed by Commissioner Goetz. The amendment to this contract provides for the extension of the term through December 31, 2008, a premium increase of 7.5% and adds additional responsibilities for the Contractor regarding data interface with the Edison project. The option to extend the contract for up to an additional two years was included in the original contract with this vendor.

The base contract and amendment # 1 are included as is a draft of amendment # 2 for your review.

Thank you for your consideration of this request.

RECEIVED

AUG 10 2007

FISCAL REVIEW

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.86-026	
2) State Agency Name :	Finance and Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Preferred Dental Organization: Dental plan coverage for State, Local Education and Local Government	
4) Contractor :	Delta Dental Plan of Tennessee	
5) Contract #	FA-05-16170-00	
6) Contract Start Date :	January 1, 2005	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2007	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$22,000,000	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	# 2	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	November 1, 2007	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2009	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$45,000,000	
13) Approval Criteria : (select one) ,	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Extends the contract term for an additional year, provides for a premium rate increase of 7.5% and adds additional responsibilities for the Contractor regarding data interface with the Edison project.		
15) Explanation of Need for the Proposed Amendment :		

The option to extend the term was included in the original contract and the Contractor has agreed to a modest 7.5% increase in premiums, a reduction from their original request for a 9.75% increase for calendar year 2008. The Edison interface must occur

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Delta Dental Plan of Tennessee, 240 Venture Circle Drive, Nashville, TN, 37228

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

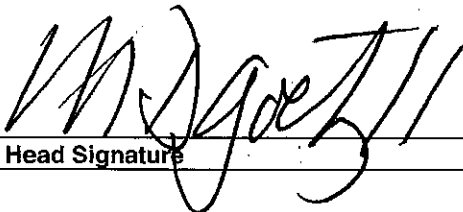
At this time, Benefits Administration is agreeable to the rate increase negotiated with the Contractor and considers a term extension appropriate and prudent and is in the best interest of plan participants.

21) Justification for the Proposed Non-Competitive Amendment :

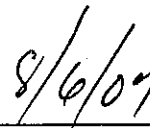
The premium increase negotiated with the Contractor are acceptable to the State and the Contractor is willing to accept the data interface requirements with Edison for no additional fee.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



Agency Head Signature



Date

**AMENDMENT TWO
TO CONTRACT NUMBER FA-05-16170-00**

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, Local Government Insurance Committee, hereinafter referred to as the "State" and Delta Dental Plan of Tennessee, hereinafter referred to as the "Contractor". It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

B.1. Contract Term. This Contract shall be effective for the period commencing on January 1, 2005 and ending on December 31, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. The text of Contract Section C.1. is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Thirty-Three Million Dollars (\$33,000,000). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. The text of Contract Section C.3. is deleted in its entirety and replaced with the following:

C.3. Payment Methodology. The Contractor shall be compensated based on the premiums herein for monthly service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of monthly service defined in Section A. The Contractor shall be compensated based upon the following monthly premiums:

Coverage Option	Proposer's Guaranteed Monthly Premiums to Members			
	Calendar Year 2005	Calendar Year 2006	Calendar Year 2007	Calendar Year 2008
Employee	\$15.12	\$15.12	\$16.25	\$17.47
Employee + One	\$28.67	\$28.67	\$30.82	\$33.13
Employee + Family	\$45.53	\$45.53	\$48.95	\$52.62

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed monthly service for the amount stipulated.

4. The text of Contract Section E.2. is deleted in its entirety and replaced with the following:

- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Marlene D. Alvarez, Manager of Procurement and Contracting
Tennessee Department of Finance & Administration
Division of Insurance Administration
312 Eighth Ave. No., 26th Floor WRS Tennessee Tower
Nashville, TN 37243-0295
Telephone #: 615-253-8358
Fax #: 615-253-8556
Email Address: marlene.alvarez@state.tn.us

The Contractor:

Jay Reavis
Delta Dental Plan of Tennessee
240 Venture Circle
Nashville, TN 37228
Phone #: 615-255-3175, ext. 221
Fax #: 615-244-8108
Email Address: jreavis@deltadentaltn.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

5. The following provision is added as Contract Section A.1.3.6.:

A.1.3.6. The Tennessee Insurance System (TIS) is targeted for replacement by the State's Enterprise Resource Planning (ERP) system (operating under the name Edison) on December 31, 2007. This date is subject to change at the State's discretion. The Contractor, in support of this transition, will be required to:

- participate in meetings (phone or on-site), if any, intended for the purpose of planning for the transition and
- convert its electronic data interface with TIS, the Weekly Enrollment Update (Section A.1.3.2.1), the Quarterly Enrollment Data Reconciliation (Section A.1.3.2.2), and the State of Tennessee Enrollment Data Match (Section A.1.3.3), to the new Edison HIPAA compliant formats and procedures prior to the Edison "go-live" date.

The revisions set forth herein shall be effective November 1, 2007. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

DELTA DENTAL PLAN OF TENNESSEE:

PHILIP A. WENK, DDS, PRESIDENT AND CEO

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:

M. D. GOETZ, JR., CHAIRMAN



DATE

APPROVED:

M. D. GOETZ, JR., COMMISSIONER
DEPARTMENT OF FINANCE AND ADMINISTRATION

DATE

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE

CONTRACT SUMMARY SHEET

RFS Number:	317.86-026	Contract Number:	FA-05-16170-0001
State Agency:	F&A	Division:	Insurance Administration
Contractor:		Contractor Identification Number:	
Delta Dental Plan of Tennessee		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	62-0812197

Service Description

Preferred Dental Organization: dental plan coverage for State, Local Education, and Local Government ees.

Contract Begin Date:	Contract End Date:
January 1, 2005	December 31, 2007

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.86	81	907	55, 56, 58	<input type="checkbox"/> on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2005			\$2,484,506		9,000,000 \$2,484,506
2006			\$5,986,906		2,000,000 \$5,986,906
2007			\$8,396,441		5,500,000 \$8,396,441
2008			\$5,132,147		5,500,000 \$5,132,147
Total:			\$22,000,000		\$22,000,000

State Fiscal Contact Name: John Anderson Address: 13 th Floor TN Tower, 312 8 th Av No, Nashville, TN 37243 Phone: 615-741-8642	Check the box ONLY if the answer is YES: Is the Contractor a SUBRECIPIENT? (per OMB A-133) <input type="checkbox"/> Is the Contractor a VENDOR? (per OMB A-133) <input checked="" type="checkbox"/> Is the Fiscal Year Funding STRICTLY LIMITED? <input type="checkbox"/> Is the Contractor on STARS? <input type="checkbox"/> Is the Contractor's FORM W-9 ATTACHED? <input checked="" type="checkbox"/> Is the Contractor's Form W-9 Filed with Accounts? <input type="checkbox"/>
Procuring Agency/Budget Officer Approval Signature:	

COMPLETE FOR ALL AMENDMENTS (only)

Base Contract & Prior Amendments	This Amendment ONLY
END DATE → 12-31-2007	
FY: 2005 9,000,000 \$2,484,506	
FY: 2006 2,000,000 \$5,986,906	
FY: 2007 2,000,000 \$4,896,441	\$3,500,000
FY: 2008 2,000,000 \$1,632,147	\$3,500,000
FY:	
Total: \$15,000,000	\$7,000,000

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

RECEIVED
NOV 21 2007
DIRECTOR OF ACCOUNTS

C O N T R A C T S U M M A R Y S H E E T

RFS Number:	317.86-026 REVISION 05/11/07	Contract Number:	FA-05-16170-00
State Agency:	F&A	Division:	Insurance Administration
Contractor		Contractor Identification Number	
Delta Dental Plan of Tennessee		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	62-0812197

Service Description

Preferred Dental Organization: dental plan coverage for State, Local Education, and Local Government employees.

Contract Begin Date				Contract End Date		
January 1, 2005				December 31, 2007		
Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.86	81	907	55, 56, 58	<input type="checkbox"/> on STARS		
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)	
2005			\$9,000,000		\$9,000,000	
2006			\$2,000,000		\$2,000,000	
2007			\$5,700,000		\$5,700,000	
2008			\$5,300,000		\$5,300,000	
Total:			\$22,000,000		\$22,000,000	

CFDA #		Check the box ONLY if the answer is YES:	
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name:	John Anderson	Is the Contractor a VENDOR? (per OMB A-133)	Y
Address:	13 th Floor TN Tower, 312 8 th Av No, Nashville, TN	Is the Fiscal Year Funding STRICTLY LIMITED?	
Phone:	37243 615-741-8642	Is the Contractor on STARS?	
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?	Y
		Is the Contractors Form W-9 Filed with Accounts?	

COMPLETE FOR ALL AMENDMENTS (only)

	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →	12-31-2007	
FY: 2005	\$9,000,000	
FY: 2006	\$2,000,000	
FY: 2007	\$2,000,000	\$3,700,000
FY: 2008	\$2,000,000	\$3,300,000
FY:		
Total:	\$15,000,000	\$7,000,000

Funding Certification

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

MAY 22

